

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 TRSE-00 FRB-03 OMB-01

L-03 H-02 FTC-01 SS-15 SP-02 NSC-05 PRS-01 STR-04

CIEP-01 CEA-01 /066 W

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R 151310Z OCT 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1602

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E.O. 11652: N/A

TAGS: EAIR, IN

SUBJECT: CONTINUED GOI DISCRIMINATION AGAINST FOREIGN AIRLINES IN
EXCHANGE CONTROL REGULATIONS

REF: (A) NEW DELHI A-148 OF APRIL 25, 1975

(B) NEW DELHI A-303 OF SEPTEMBER 12, 1975

1. EMBASSY HAS RECEIVED RESERVE BANK OF INDIA (RBI) CIRCULAR NOTICE WHICH EXTENDS TO MARCH 31, 1976 (END OF CURRENT INDIAN FISCAL YEAR) DISCRIMINATORY FOREIGN EXCHANGE PRACTICE WITH REGARD TO GOODS IMPORTED BY AIR WHICH WAS ORIGINALLY REPORTED TO DEPARTMENT IN REF AIRGRAMS. SUBSTANCE OF ISSUE IS THAT IMPORTER, AFTER OBTAINING FOREIGN EXCHANGE LICENSE WHICH IS ISSUED ON CIF BASIS, MAY USE TOTAL VALUE OF LICENSE TO COVER FOB COST OF GOODS AND INSURANCE, PROVIDED AIR SHIPMENT IS MADE ON AIR INDIA OR INDIAN AIRLINES AND PAYMENT MADE IN RUPEES. RESULT IS THAT LICENSE HOLDER CAN IMPORT LARGER QUANTITY OF GOODS IF HE ARRANGES FOR SHIPMENT VIA AIR INDIA RATHER THAN ANY FOREIGN AIR CARRIER.

2. THIS IS A FAIRLY NEW GOI REGULATION, HAVING ORIGINALLY BEEN ISSUED IN DECEMBER 1974 IN RESPONSE TO THE COUNTRY'S GROWING VOLUME OF TRADE BY AIR. WHILE WE HAVE REFERRED TO IT IN DIS-

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CUSSING THE NATURE OF PANAM'S PROBLEMS WITH MINISTRY OF FINANCE

OFFICIALS, OUR COMMENTS HAVE NOT GONE BEYOND CALLING ATTENTION TO ITS OBVIOUS DISCRIMINATORY CHARACTER. WE BELIEVE THAT A MORE FORMAL COMPLAINT SHOULD BE SUBMITTED TO THE GOVERNMENT. WHILE WE DO NOT EXPECT THE GOI WILL REVERSE ITS POLICY, OUR POSITION SHOULD BE MADE UNEQUIVOCAL. THIS SHOULD HELP US IN TACKLING THE SPECTRUM OF PAN AM'S PROBLEMS, INCLUDING THIS AND OTHER FORMS OF DISCRIMINATORY EXCHANGE CONTROLS.

3. REQUEST THE DEPARTMENT'S AUTHORIZATION TO SET FORTH THIS COMPLAINT OFFICIALLY AT AN APPROPRIATE LEVEL. WE WOULD WELCOME ANY SUGGESTIONS THE DEPARTMENT MIGHT HAVE ON DETAILS OF WORDING. IN PARTICULAR, REQUEST DEPARTMENT'S OPINION WHETHER, AS WE BELIEVE, THIS TYPE OF IMPORT LICENSE DISCRIMINATION IS CONTRARY TO GATT. SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTES, TRADE DISCRIMINATION, AIRLINES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE13761
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750357-0649
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751051/aaaabtnr.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 NEW DELHI A-148
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 AUG 2003 by CunninFX>; APPROVED <25 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONTINUED GOI DISCRIMINATION AGAINST FOREIGN AIRLINES IN EXCHANGE CONTROL REGULATIONS
TAGS: EAIR, IN, PAN AM
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006